



STATE OF DELAWARE


PUBLIC SERVICE COMMISSION
861 SILVER LAKE BLVD.
CANNON BUILDING, SUITE 100
DOVER, DELAWARE 19904

TELEPHONE:
FAX:

(302) 736-7500
(302) 739-4849

March 14, 2016

TO: The Chair and Members of the Commission

FROM: Toni M. Loper 
Public Utilities Analyst II

SUBJECT: IN THE MATTER OF THE APPLICATION OF SUEZ WATER DELAWARE INC. FOR A
GENERAL INCREASE IN RATES AND FOR A REVISION OF ITS GENERAL TARIFF
(FILED FEBRUARY 5, 2016) – PSC DOCKET NO. 16-0163

Application

On February 5, 2016, SUEZ Water Delaware Inc. (“SWDE” or the “Company”) filed an application (“Application”) seeking approval for an increase in its water base rates. The total amount of the increase requested by SWDE in this matter is approximately \$4,943,665 or 19.96% over current service rates (*See Application ¶ 9*). This increase includes \$1,696,286 of existing Distribution System Improvement Charge (“DSIC”) which will be rolled into base rates and reset to zero.¹ SWDE asserts that this increase is necessary due to increasing operating expenses, significant capital investment in utility plant since its last rate case in 2011², and a decrease in consumption.

In addition to the proposed rate changes, the Company also proposes tariff changes which include³:

- Proposing to meter all new services including private fire services;

¹ PSC Docket No. 14-0537

² *See* PSC Docket No. 10-421, Order No. 8039 (September 20, 2011).

³ *See* Application of SUEZ Water Delaware Inc., PSC Docket No. 16-0163, Direct Testimony of Larry Finnicum, page 21-22, section XIII, *Changes to Tariff Rules and Regulations*.

- Proposing to change the due date on its bills rendered to 20 days from the mailing date; and
- Proposing that existing private fire services that are not metered must notify the Company three business days prior to any testing of the fire flow system. The Company proposes that they will assess a \$250 per fire flow test, and a penalty charge of \$1000 will be assessed for any fire flow test conducted without notifying the Company.

Interim Rates

The Company has requested that the full proposed base rate increase become effective on April 5, 2016. However, the Commission has typically favored the implementation of interim rates, subject to refund, at the commencement of a rate case proceeding versus allowing the full proposed rates to be placed into effect.⁴ Therefore, the Company also requests, pursuant to *26 Del. C. §306(c)*, authorization to collect interim rates under bond if the full proposed rates are suspended beyond 60 days from the date of the application. The temporary rates proposed would be effective beginning April 5, 2016, and provide for an increase of \$803,052 in additional revenues over the currently in place DSIC of \$1,696,286, which would be reset to zero, for a total increase in base revenue of \$2,499,338.

Review and Recommendation

Staff has performed an initial review of the application, supporting schedules, and supporting testimonies. Above all, Staff has reviewed the proposed interim rate calculations contained within SWDE's application and concurs with the Company's estimate of the impact and distribution of the interim rates which total to approximately \$803,052. The proposed interim rates will increase rates across all rates classes, except public and private fire service, which is consistent with Commission practice for implementing temporary rate increases.

⁴ See *Application of Delmarva Power & Light Company (Gas)*, Docket No. 12-546, Order 8271 (January 8, 2013). *Application of Delmarva Power & Light Company (Electric)*, Docket No. 13-115, Order 8837 (April 9, 2013). *Application of Artesian Water Company*, Docket No. 14-132, Order 8558 (May 13, 2014).

Under 26 *Del. C.* §306(c), a utility is authorized to place temporary rates in effect sixty (60) days after filing an application requesting an increase in rates. The rates may be placed in effect under bond, provided that the increase does not exceed fifteen percent (15%) of the Company's gross intrastate operating revenues or \$2,500,000 annually, whichever is less. The interim rates proposed to be effective with usage on and after April 5, 2016, are within the limits set by the statute.

Therefore, Staff respectfully recommends approval of the proposed interim rates effective with usage on and after April 5, 2016, and a waiver of the requirement to file a bond in order to implement such rates.